

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:	PROMESA
THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,	Title III
as representative of	No. 17-bk-3283-LTS
THE COMMONWEALTH OF PUERTO RICO, et al.,	(Jointly Administered)
Debtors.	

SUMMARY SHEET

**SIXTEENTH INTERIM APPLICATION OF CITIGROUP GLOBAL
MARKETS INC. FOR ALLOWANCE OF PREPA TRANSACTION FEE**

Applicant:	Citigroup Global Markets Inc.
Authorized to Provide Services to:	The Financial Oversight and Management Board for Puerto Rico
Date of Retention:	January 27, 2017
Compensation Requested:	\$9,083,750
Expense Reimbursement Requested:	--
Total Requested:	\$9,083,750

This is a: _ monthly ☒ interim _final application

PRIOR FEE APPLICATIONS

Period Covered	Date Filed (ECF #)	Fees Requested	Expenses Requested	Order Date ECF#	Fees Allowed	Expenses Allowed
5/3/17-1/31/18	4/23/18 ECF#2944	\$625,000.00	\$60,971.21	1/30/19 ECF#4998	\$625,000.00	\$28,780.19
2/1/18-5/31/18	10/5/18 ECF#4020	\$1,803,571.43	\$40,912.98	7/24/20 ECF#13824	\$1,803,571.43	\$30,513.96
6/1/18-9/30/18	1/25/19 ECF #4897	\$1,975,000.00	\$20,450.63	12/7/20 ECF #15355	\$1,975,000.00	\$10,433.40
COFINA Success Fee	6/10/19 ECF#7341	\$5,873,156.76	--	7/24/20 ECF#13824	\$5,873,156.76	--

Period Covered	Date Filed (ECF #)	Fees Requested	Expenses Requested	Order Date ECF#	Fees Allowed	Expenses Allowed
10/1/18-1/31/19	10/9/20 ECF#14522	\$1,975,000.00	\$41,623.98	3/18/22 ECF#20412	\$1,940,488.72	\$41,623.98
2/1/19-5/31/19	10/9/20 ECF#14523	\$4,300,000.00	\$26,187.61	8/12/22 ECF#21826	\$4,300,000.00	\$9,827.90
6/1/19-9/30/19	3/22/21 ECF#16155	\$4,705,000.00	\$813,391.60	8/12/22 ECF#21826	\$4,705,000.00	\$811,563.30
10/1/19-1/31/20	3/22/21 ECF#16156	\$4,840,000.00	\$1,206.00	8/12/22 ECF#21826	\$4,840,000.00	--
2/1/20-5/31/20	3/22/21 ECF#16157	\$4,840,000.00	\$9,354.30	8/12/22 ECF#21826	\$4,840,000.00	\$7,022.70
6/1/20-9/30/20	3/22/21 ECF#16158	\$4,840,000.00	\$7,115.40	8/12/22 ECF#21826	\$4,840,000.00	\$3,417.00
10/1/20-1/31/21	7/7/22 ECF #21457	\$4,840,000.00	\$10,606.80	12/12/22 ECF#23045	\$4,840,000.00	\$7,982.70
2/1/21-5/31/21	7/7/22 ECF#21458	\$4,840,000.00	\$6,660.90	12/12/22 ECF#23045	\$4,840,000.00	\$6,017.10
6/1/21-9/30/21	8/4/22 ECF#21727	\$4,840,000.00	\$3,859.20	12/12/22 ECF#23045	\$4,840,000.00	\$3,426.30
10/1/21-1/31/22	8/4/22 ECF#21727	\$4,840,000.00	\$6,099.30	12/12/22 ECF#23045	\$4,840,000.00	\$5,092.50
2/1/22-5/31/22	8/4/22 ECF#21729	\$4,840,000.00	\$4,380.00	12/12/22 ECF#23045	\$4,840,000.00	\$4,380.00

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

<p>In re:</p> <p>THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,</p> <p style="text-align: center;">as representative of</p> <p>THE COMMONWEALTH OF PUERTO RICO, et al.,</p> <p style="text-align: right;">Debtors.¹</p>	<p>PROMESA</p> <p>Title III</p> <p>No. 17-bk-3283-LTS</p> <p>(Jointly Administered)</p>
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**SIXTEENTH INTERIM APPLICATION OF CITIGROUP GLOBAL
MARKETS INC. FOR ALLOWANCE OF PREPA TRANSACTION FEE**

Citigroup Global Markets Inc. (“Citi”), investment banker and financial advisor to The Financial Oversight and Management Board for Puerto Rico (“FOMB”), as representative of the Debtors pursuant to PROMESA section 315(b), submits this sixteenth interim application for allowance of a \$9,083,750 transaction fee due under Paragraph 4(a)(i) of the “fees” clause of its engagement agreement, and states:

JURISDICTION

1. The Court has subject matter jurisdiction to consider this application, pursuant to PROMESA section 306(a). Venue is proper in this district, pursuant to PROMESA section 307(a).

¹ The Debtors in these Title III Cases, along with the last four digits of their respective Federal Tax ID numbers, are: (i) Commonwealth of Puerto Rico (“Commonwealth”) (3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (3747).

BACKGROUND

2. On January 27, 2017, Citi was retained by the FOMB to act as lead financial advisor in connection with the restructuring and privatization of PREPA.

3. Citi's engagement letter has been amended four times and provides for it to receive a fixed monthly retainer and transaction fee.²

4. Paragraph 4 of the "Fees" provisions in the third amended agreement provided Citi will be paid a \$9,083,750 transaction fee "promptly upon entry of an order allowing all accrued and unpaid 'front-end' transition obligations of [PREPA] to LUMA Energy LLC and Luma Energy ServCo LLC as an administrative expense priority claim under section 503."³

² Copies of the respective engagement letters are available at <https://oversightboard.pr.gov/fomb-contracts> (search Citi).

³ Paragraph 4 provides:

[I]n connection with Services relating to Transactions for [PREPA], Citi shall be paid an aggregate cash fee in the amount of \$21.5 million, which amount is equal to the total fee payable to Citi for such Transactions of \$24 million less \$2.5 million already paid under clause 3 above which the parties agree shall be credited against the total fee for Transactions, payable in the following manner:

(a) For the execution and implementation of the Puerto Rico Transmission and Distribution System Operation and Maintenance Agreement by and among the Company, the Puerto Rico Public-Private Partnerships Authority, LUMA Energy LLC, and LUMA Energy ServCo LLC dated as of June 22, 2020 relating to the transmission and distribution system of the Company, Citi shall be paid the sum of \$13,975,000 in cash, in two installments as follows: (i) the sum of \$9,083,750 shall be paid to Citi promptly upon entry of an order of the U.S. District Court for the District of Puerto Rico administering the Company's Title III case (the "Title III Court") allowing all accrued and unpaid "front-end transaction" obligations of the Company to LUMA Energy LLC, and LUMA Energy ServCo LLC as an administrative expense priority claim under section 503 of the Bankruptcy Code; and (ii) the sum of \$4,891,250 shall be paid to Citi promptly upon the effective date of a plan of adjustment for the Company under Title III of PROMESA. For the avoidance of doubt and notwithstanding anything to the contrary contained in the Second Amended Agreement, payment of the foregoing fees shall be subject to allowance thereof by the Title III court in accordance with the requirements of

5. The referenced order triggering the success fee was entered October 19, 2020.
(Case 17-3283, Dkt. #14609.)

6. It provides “upon entry of this Order, LUMA Energy shall have an allowed administrative expense claim for any accrued and unpaid Allowable Front-End Transition Obligations incurred by PREPA under the T&D Contract.” And “[t]o the extent required, PREPA and the Oversight Board, as PREPA’s representative in this Title III case, are authorized to take all actions, and to execute all documents, necessary or appropriate, to effectuate the relief granted in this Order in accordance with the Motion and without further order of the Court.” Thus, although Citi was not named in the order, the Court approved front-end fees and administrative expenses for LUMA Energy in the manner provided in the engagement agreement as the order and approval needed to pay the transaction fee.

7. Citi previously submitted a fee statement for the \$9,083,750 transaction fee provided in Paragraph 4(a)(i), seeking payment of 90% of the same (\$8,175,375) in January 2021 under the terms of the interim compensation order. No objection was interposed, and the amount was paid, following its submission of a no objection statement; however, Citi has not yet applied for interim allowance of the same. The invoice for the transaction fee, included in the fee statement is annexed hereto.

PROMESA and applicable orders of the Title III Court regarding compensation and reimbursement of professionals, but the payment of such fees shall not be (I) subject to or conditioned upon any other court order or approvals other than as set forth in this subsection (a), or (II) delayed by any potential or pending court proceedings related to the Transactions.

This is reiterated in Paragraph 4 of the fourth amended agreement.

BASIS FOR RELIEF REQUESTED

8. PROMESA section 316(a) provides that the Court “may award to a professional person employed by ... the [FOMB] (in [its] sole discretion) ... (1) reasonable compensation for actual, necessary services rendered by the professional, or attorney and by any paraprofessional employed by any such person; and (2) reimbursement for actual, necessary expenses.”

9. Pursuant to subdivision (c):

In determining the amount of reasonable compensation to be awarded to a professional person, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including—

(1) the time spent on such services;

(2) the rates charged for such services;

(3) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this chapter;

(4) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed;

(5) with respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and experience in the restructuring field; and

(6) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title or title 11, United States Code.

10. PROMESA section 317 and the interim compensation order permit professionals to apply for allowance of compensation and reimbursement of expenses on an interim basis.

11. Each factor in section 316(c) supports interim allowance of the requested transaction fee. Citi has devoted substantial time to its representation of FOMB as representative of PREPA, as reflected in time detail in its prior interim fee applications. The transaction fee is consistent with those customarily employed by Citi in other municipal restructuring engagements,

as set forth in the accompanying Certification of John Gavin (“Gavin Certification”). The services provided to date were critical to formulation of PREPA’s plan of adjustment. This is reflected in Citi’s having been selected as lead negotiator under the amended order establishing terms and conditions of the PREPA mediation (Dkt. 22409) based on its significant contributions to PREPA’s restructuring. Finally, as noted above the order entered October 19, 2020 provided for allowance of the transaction fee as an administrative expense.

12. The certification required by Rule 2016 and P.R. LBR 2016-1(a)(4) is in the accompanying Gavin Certification.

NO PRIOR REQUEST

13. No prior request for the relief sought herein has been made to the Court or to any other court.

WHEREFORE, Citi requests an order allowing the \$9,083,750 transaction fee on an interim basis and granting such other and further relief as the Court deems just and proper.

Dated: December 30, 2022

Respectfully submitted,

/s/ John Gavin
John Gavin
Managing Director
Citigroup Global Markets Inc.

Prepared by:

/s/ Jeffrey Chubak
Jeffrey Chubak
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Attorneys for Citigroup Global Markets Inc.



October 20, 2020

Natalie A. Jarekso
Executive Director
Financial Oversight and Management Board for Puerto Rico
PO Box 192018
San Juan, PR 00919-2018

Invoice - CIB45AD6752/1/I

Cash Fee payable upon consummation of Transaction(s) pursuant to Third Amended and Restated Engagement Letter dated 10/7/2020.	\$ 9,083,750.00
Total due Citi	\$ 9,083,750.00

PLEASE WIRE PAYMENT TO:

Citibank N.A.
111 Wall Street
New York, New York 10005

Citibank ABA#: 021000089
Citibank Swift Code: CITIUS33
CGMI ACCT# : 3849-3429/Citigroup Global Markets Inc.
For Further Credit to : 029-22768-1-3 / EQUITY M&A FUNDS
Invoice# CIB45AD6752/1/I
ATTN: Monica Sharma

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

THE COMMONWEALTH OF PUERTO
RICO, et al.,

Debtors.

PROMESA

Title III

No. 17-bk-3283-LTS

(Jointly Administered)

CERTIFICATION OF JOHN GAVIN

I, John Gavin, hereby certify:

1. I am a Managing Director at Citigroup Global Markets Inc. (“Citi”), investment banker and financial advisor to the Financial Oversight and Management Board for Puerto Rico, and submit this certification in support of the prefixed interim fee application.

2. I have read the application.

3. To the best of my knowledge, information and belief formed after reasonable inquiry, the requested transaction fee conforms with the Bankruptcy Code, the Bankruptcy Rules, the United States Trustee Guidelines and the Puerto Rico Local Bankruptcy Rules.

4. The requested transaction fee is also consistent with those customarily used by Citi in other municipal restructuring engagements.

5. No agreement or understanding exists between Citi and any other person for sharing compensation received or to be received in connection with this engagement, except as authorized by the Bankruptcy Code or Rules.

I certify under penalty of perjury that the foregoing is true and correct. Executed on December 30, 2022.

/s/ John Gavin